25 August 2010

Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Total Pages: 41 (including covering letter)

In accordance with the Listing Rules, following is the Preliminary Final Report of the Company for the financial year ended 30 June 2010, and the Media Release.

Yours faithfully
For and on behalf of Seven Group Holdings Limited

Warren Coatsworth
Company Secretary

Appendix 4E - Preliminary Final Report

Seven Group Holdings Limited and its Controlled Entities
FOR THE PERIOD ENDED 30 JUNE 2010

Results For Announcement To The Market

	$'000
Revenue from ordinary activities	**537,584**
Net profit from ordinary activities after tax attributable to members	**718,034**
Net profit for period attributable to members	**718,034**

Dividends	Amount per security	Franked amount per security
Ordinary shares		
Interim	-	-
Final	18 cents	18 cents

Record date for determining entitlements to the dividend	5.00pm on Friday 8 October 2010
Date final dividend is payable	22 October 2010

Transferable Extendable Listed Yield Shares ("TELYS4")		
Interim	-	-
Final (paid 31 May 2010)	$2.4154	$2.4154

Commentary on results

The preliminary final report of Seven Group Holdings Limited for the period ended 30 June 2010 reflect the following:

a) Seven Group Holdings Limited company results from the date of its incorporation of 12 February 2010 to 30 June 2010. There was no operating activity in the company until 28 April 2010.
b) The acquisition of WesTrac Holdings Pty Limited on 28 April 2010, and its results for the period from acquisition to 30 June 2010.
c) The acquisition of Seven Network Limited on 13 May 2010, and its results for the period from acquisition to 30 June 2010.

A detailed commentary on the results for the period is contained in the press release dated 25 August 2010 accompanying this report.

Net tangible asset backing

Net tangible asset backing per ordinary share: $5.68. This has been calculated by dividing the net assets attributable to equity holders of the Company (adjusted for the value of TELYS4 preference shares) less intangible assets by the number of ordinary shares at 30 June 2010.

Acquisitions

During the period, the Group acquired WesTrac Holdings Pty Limited and Seven Network Limited. Further details of these transactions are included within this report.

Audit

This report is based on accounts that are currently being audited.

Previous corresponding period

There is no previous corresponding period as Seven Group Holdings Limited was incorporated on 12 February 2010 and commenced operations on 28 April 2010.

Statement of Comprehensive Income

Seven Group Holdings Limited and its Controlled Entities
PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

	Note	2010 $'000
Revenue	3	537,584
Other income	3	2,764
Share of results from equity accounted investees	8	14,266
Accounting gain on acquisition of Seven Network Limited	12	726,343
Expenses excluding depreciation and amortisation	3	(531,617)
Profit before depreciation and amortisation, net finance costs and tax		**749,340**
Depreciation and amortisation		(11,737)
Profit before net finance costs and tax		**737,603**
Finance income	4	3,718
Finance costs	4	(16,852)
Net finance costs		**(13,134)**
Profit before tax		**724,469**
Income tax expense	5	(5,727)
Profit for the period		**718,742**
Other comprehensive income		
Net change in fair value of available-for-sale financial assets		24,024
Cash flow hedges: effective portion of changes in fair value		9,693
Foreign currency differences for foreign operations		40,037
Income tax on items of other comprehensive income	5	(9,560)
Other comprehensive income for the period, net of tax		**64,194**
Total comprehensive income for the period		**782,936**
Profit for the period attributable to:		
Equity holders of the Company		718,034
Non-controlling interest		708
Profit for the period		**718,742**
Total comprehensive income for the period attributable to:		
Equity holders of the Company		780,786
Non-controlling interest		2,150
Total comprehensive income for the period		**782,936**
EARNINGS PER SECURITY (EPS)		
Ordinary shares		
Basic earnings per share ($)	7	2.72
Diluted earnings per share ($)	7	2.72

The statement of comprehensive income is to be read in conjunction with the notes to the preliminary final report.

Statement of Financial Position

Seven Group Holdings Limited and its Controlled Entities
AS AT 30 JUNE 2010

	Note	2010 $'000
CURRENT ASSETS		
Cash and cash equivalents	13a	455,205
Trade and other receivables		405,468
Inventories		682,673
Other current assets		36,068
Derivative financial instruments		124
Total current assets		**1,579,538**
NON-CURRENT ASSETS		
Investments accounted for using the equity method	8	1,724,687
Trade and other receivables		11,224
Derivative financial instruments		4,666
Other investments		395,926
Property, plant and equipment		241,094
Intangible assets		577,351
Deferred tax assets	5	16,603
Total non-current assets		**2,971,551**
Total assets		**4,551,089**
CURRENT LIABILITIES		
Trade and other payables		365,341
Derivative financial instruments		5,305
Interest bearing loans and borrowings		302,234
Deferred income		42,331
Current tax liabilities		1,953
Provisions		58,547
Total current liabilities		**775,711**
NON-CURRENT LIABILITIES		
Trade and other payables		5,625
Interest bearing loans and borrowings		383,989
Derivative financial instruments		12,104
Deferred tax liabilities	5	473,832
Provisions		2,613
Deferred income		17,070
Total non-current liabilities		**895,233**
Total liabilities		**1,670,944**
Net assets		**2,880,145**
EQUITY		
Contributed equity	9	2,608,852
Reserves	10	(574,500)
Retained earnings	11	706,045
Total equity attributable to equity holders of the Company		**2,740,397**
Non-controlling interest		139,748
Total equity		**2,880,145**

The statement of financial position is to be read in conjunction with the notes to the preliminary final report.

Statement of Changes in Equity

Seven Group Holdings Limited and its Controlled Entities
PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at incorporation		**-**	**-**	**-**	**-**	**-**	**-**
Profit for the period		-	-	718,034	718,034	708	718,742
Net change in fair value of available-for-sale financial assets		-	24,024	-	24,024	-	24,024
Cash flow hedges: effective portion of changes in fair value		-	8,923	-	8,923	770	9,693
Foreign currency differences for foreign operations		-	39,365	-	39,365	672	40,037
Income tax on items of other comprehensive income		-	(9,560)	-	(9,560)	-	(9,560)
Total comprehensive income for the period		**-**	**62,752**	**718,034**	**780,786**	**2,150**	**782,936**
Transactions with owners recognised directly in equity							
Issue of ordinary shares for cash		10,000	-	-	10,000	-	10,000
Issue of ordinary shares related to acquisition		2,171,687	-	-	2,171,687	-	2,171,687
Issue of TELYS4 related to acquisitions		427,165	-	-	427,165	-	427,165
TELYS dividends paid		-	-	(11,989)	(11,989)	-	(11,989)
Share based payments		-	1,836	-	1,836	-	1,836
Replacement of share options related to business combination		-	3,498	-	3,498	-	3,498
Non-controlling interest on acquisition of subsidiaries		-	-	-	-	137,229	137,229
Other changes in non-controlling interest		-	-	-	-	369	369
Acquisition of subsidiary under common control		-	(642,586)	-	(642,586)	-	(642,586)
Total contributions by and distributions to owners		**2,608,852**	**(637,252)**	**(11,989)**	**1,959,611**	**137,598**	**2,097,209** **-**
Total movement in equity for the period		**2,608,852**	**(574,500)**	**706,045**	**2,740,397**	**139,748**	**2,880,145**
Balance at end of the period		**2,608,852**	**(574,500)**	**706,045**	**2,740,397**	**139,748**	**2,880,145**

The statement of changes in equity is to be read in conjunction with the notes to the preliminary final report.

Cash Flow Statement

Seven Group Holdings Limited and its Controlled Entities
PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

	Note	2010 $'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Receipts from customers		572,516
Payments to suppliers and employees		(613,299)
Interest and other items of a similar nature received		9,292
Interest and other costs of finance paid		(10,641)
Income taxes paid		(30)
Net operating cash flows	13b	**(42,162)**
CASH FLOWS RELATED TO INVESTING ACTIVITIES		
Payments for purchases of property, plant and equipment		(11,356)
Proceeds from sale of property, plant and equipment		1,890
Payments for purchase of intangibles		(1,582)
Cash acquired on acquisition of subsidiaries	12	1,126,123
Payments for other investments		(4,266)
Proceeds from sale of other investments		15,738
Transaction costs relating to acquisition of subsidiaries		(35,249)
Loans and deposits repaid		594
Other		89
Net investing cash flows		**1,091,981**
CASH FLOWS RELATED TO FINANCING ACTIVITIES		
Proceeds from issue of shares		10,000
TELYS dividends paid	6	(11,989)
Proceeds from borrowings		220,053
Repayment of borrowings		(819,279)
Net financing cash flows		**(601,215)**
Net increase in cash and cash equivalents		**448,604**
Cash and cash equivalents at beginning of period		-
Effect of exchange rate changes on cash and cash equivalents		1,067
Cash and cash equivalents at end of the period	13a	**449,671**

The cash flow statement is to be read in conjunction with the notes to the preliminary final report.

Notes to the Preliminary Final Report

Seven Group Holdings Limited and its Controlled Entities
PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Seven Group Holdings Limited (the "Company") is a company domiciled in Australia. The Company was incorporated on 12 February 2010 and this preliminary financial report covers the period from 12 February to 30 June 2010. The consolidated financial statements of the Company as at and for the period ended 30 June 2010 (preliminary final report) comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

(A) BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with the Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The preliminary final report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100 dated 10 July 1998.

The preliminary final report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and investments in available for sale assets.

The accounting policies set out below have been consistently applied by group entities.

(B) PRINCIPLES OF CONSOLIDATION

i) Subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during the Group had control. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Non-controlling interests in the equity and the results of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position.

Business combinations are accounted for in accordance with Note 1(G).

ii) Associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity, unless it can be clearly demonstrated that this is not the case. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

In assessing the Group's ownership of Seven Media Group Pty Limited the Group has assumed that all issued options under Seven Media Group Pty Limited's Managed Equity Plan vest in full.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) PRINCIPLES OF CONSOLIDATION (CONTINUED)

ii) Associates and jointly controlled entities (continued)

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(C) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the preliminary final report of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The preliminary final report is presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions

Foreign currency transactions are translated into the respective functional currencies of group entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from Australian Dollars are translated into Australian Dollars as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses of foreign operations are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income and presented in the foreign currency translation reserve. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are transferred to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

Notes to the Preliminary Final Report

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) REVENUE RECOGNITION

Revenues are recognised at the fair value of the consideration received or receivable, net of goods and services tax (GST). Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

Sales revenue comprises revenue earned from the provision of goods and services to entities outside of the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for major business activities as follows:

(i) Sales revenue

A sale is recorded when the provision of services or product have been provided or dispatched to a customer pursuant to a sales order and, in the case of product sales, the associated risks have passed to the customer. Amounts received in advance of the provision of services or products, such as membership fees, are deferred and brought to account as revenue in the same period the service or product is provided.

Sales revenue from the provision of broadband and telecommunication services is recognised net of returns, trade allowances and duties and taxes paid. Fees for monthly access plans which are charged monthly in advance are allocated to the appropriate calendar month. Any income in advance at the end of an accounting period is not recognised as revenue in the statement of comprehensive income, and is held as deferred revenue in the statement of financial position.

(ii) Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(iv) Dividends

Dividend income is recognised net of any franking credits. Dividend income is recognised when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Maintenance and repair contracts ("MARC")

Contract revenues and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a MARC, the excess of total expected contract costs over total expected contract revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of the costs incurred.

(E) TAXATION

Income tax expense is comprised of current and deferred tax expense. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax expense or revenue for the period is the expected tax payable on the current period's taxable income based on the enacted or substantively enacted income tax rate for each jurisdiction adjusted by changes to tax payable in respect of previous years.

Notes to the Preliminary Final Report

Seven Group Holdings Limited and its Controlled Entities
PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) TAXATION (CONTINUED)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the expected tax bases of assets and liabilities and their carrying amounts in the preliminary final report. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets have been recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation legislation

The Company is the head entity in the tax-consolidated group comprising all its Australian wholly-owned subsidiaries and Seven Media Group Pty Limited and its subsidiaries. The implementation date for the tax-consolidated group was 28 April 2010.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the temporary difference can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding and sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments in certain circumstances to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivable/(payable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) LEASES

Leases of property, plant and equipment, where the Group, as lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(G) BUSINESS COMBINATIONS

Acquisition of WesTrac Group

The acquisition of WesTrac Holdings Pty Limited ("WesTrac Group") including National Hire Group Limited ("National Hire") has been accounted for as a common control transaction. As a common control transaction, the acquisition does not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill at the time of the acquisition of WesTrac Group.
The acquisition balance sheet of WesTrac Group reflects the values for assets and liabilities acquired from WesTrac Group's consolidated accounting records. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired is recognised as a common control reserve in the consolidated financial statements. The Group has elected not to re-designate financial instruments as hedging instruments or re-designate existing hedge relationships at the acquisition date.

Acquisition of Seven Network Limited and all other acquisitions

The Group has adopted revised AASB 3 Business Combinations (2008) and revised AASB 127 Consolidated and Separate Financial Statements (2008) for business combinations. Except for the acquisition of WesTrac Group, all acquisitions are accounted for by applying the acquisition method.

The Group has applied the acquisition method for the acquisition of Seven Network Limited (Note 12).

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. If the cost of the acquisition is less than the Group's share of the fair value of the identifiable net assets of the acquiree, the difference is recognised directly in profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) BUSINESS COMBINATIONS (CONTINUED)

Share based payment awards

When share based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the market-based measure of the replacement awards is treated as post-combination compensation cost.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(H) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the profit or loss.

(I) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(J) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An impairment provision for receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

Other debtors are reviewed on an ongoing basis and are written down to their recoverable amount when this amount is in excess of their carrying value.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) INVENTORIES

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost is based on the actual costs, with the exception of exchange component inventory and parts inventory for which cost is based on weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of work in progress, cost includes an appropriate share of both variable and fixed costs. Fixed costs have been allocated on the basis of normal operating capacity.

Net realisable value is determined on the basis of the Group's normal selling pattern. Expenses for marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(L) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets held for trading which are acquired principally for the purpose of selling with the intention of making a profit or financial assets that are managed and have their performance regularly evaluated by management and the directors on a fair value basis. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Recognition and de-recognition

Regular purchases and sales of investments are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income and presented in the fair value reserve are recycled to profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category, are presented in the profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets through the income statement is recognised in the profit or loss as part of revenue from continuing operations.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Subsequent measurement (continued)

Gains or losses arising from changes in the value of available-for-sale financial assets category are taken to the fair value reserve. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from the fair value reserve in equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss but are recognised in other comprehensive income and presented in fair value reserve.

(M) DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the relating to the ineffective portion is recognised in the profit or loss within other income or expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within other income or other expenses.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) DERIVATIVES (CONTINUED)

(ii) Cash flow hedges (continued)

Amounts accumulated in other comprehensive income are recycled in the profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as a cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the profit or loss.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit or loss.

(N) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Freehold Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	16 – 40 years
Plant and equipment	3 – 25 years
Rental fleet – rental store assets	2 – 10 years
Leasehold improvements	1 – 50 years
Leased plant and equipment	2 – 12 years

Other rental fleet assets, other than those shown above, are depreciated on a reducing balance method at a rate of 30%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(H)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(O) INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/equity accounted investee at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of equity accounted investees is included in investments in equity accounted investees. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each country of operation by each primary reporting segment.

(ii) WesTrac China distribution network

The distribution network of the Group is considered by the directors to be an identifiable intangible asset. The directors are of the opinion that the distribution network has an indefinite useful life, and as such the distribution network is not subject to amortisation but rather is tested annually for impairment or more frequently if events or changes in circumstances indicate impairment. The basis for the classification of indefinite life is that the dealership agreements do not require specific renewal over set intervals thus the distribution rights continue uninterrupted unless a cause to terminate is triggered.

(iii) Research and development expenditure

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are written off as incurred unless it is probable the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from 1 - 5 years.

(iv) IT development and software

Costs which are incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.
Costs capitalised the include external direct costs of materials and services and direct payroll and payroll related cost of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 – 5 years.

IT development costs include only the costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and an ability to use the asset.

(v) Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of the acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 1 to 10 years.

(vi) Spectrum licences

Spectrum licence assets acquired as part of a business combination are measured at their fair value at the date of acquisition less accumulated amortisation and impairment charges. The amortisation of spectrum licence assets is calculated on a straight-line basis over the expected useful life of the asset based on the current renewal dates of each licence. The renewal date of the 2.3Ghz and 3.5Ghz spectrum licences are July 2015 and December 2015, respectively.

(P) TRADE AND OTHER PAYABLES

These amounts are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within normal trading terms.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or any liabilities assumed, is recognised in other income or expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(R) PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(S) EMPLOYEE BENEFITS

(i) Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in provisions in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation
The Group contributes to a superannuation fund which provides accumulated contribution plans. Contributions are charged against the profit or loss in the period to which they relate.

(iv) Profit-sharing and bonus plans
A subsidiary recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. A provision is recognised where the subsidiary is contractually obliged or where there is a past practice that has created a constructive obligation.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) EMPLOYEE BENEFITS (CONTINUED)

(v) Share based payments

The fair value of options granted under both the company's and a subsidiary's option plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using Black-Scholes, Binomial or Monte Carlo simulation option pricing models that take into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, total shareholder return (TSR) hurdles and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Other cash-settled share based payments are recognised as an employee benefit expense with a corresponding increase in liability for employee entitlements. The expense and the liability incurred are measured at the fair value of the liability.

(T) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

(U) NEW ACCOUNTING STANDARDS

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They were available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- *AASB 9 Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of this standard.
- *AASB 124 Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes.
  The amendments, which become mandatory for the Group's 30 June 2011 financial statements are not expected to have a significant impact on the financial statements.

Notes to the Preliminary Final Report

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(U) NEW ACCOUNTING STANDARDS (CONTINUED)

- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash – settled Share Based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share based payments between different entities within a group. As a result of the amendments AI 8 scope of AASB2 & AI 11 – Group and Treasury Share Transactions will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

(V) CONTRIBUTED EQUITY

Ordinary shares, redeemable preference shares, non-share equity and other equity securities are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in other comprehensive income and presented as contributed equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(W) TELYS4

The Transferable Extendable Listed Yield Shares (TELYS4) have been classified as equity and the dividend payable on the TELYS4 is treated as a distribution of Shareholders Equity. The statement of comprehensive income does not include the dividends on TELYS4.

(X) OPERATING SEGMENTS

The Group has determined and presented operating segments based on the information that internally is provided to the CEO and the Board.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO and Board to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO and Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The segments identified are:

- WesTrac Australia
- WesTrac China
- National Hire Group
- Media investments
- Other investments

(Y) EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Profit or loss attributable to ordinary shareholders is stated after allocation of the portion of profit or loss attributable to holders of TELYS4.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Y) EARNINGS PER SHARE (CONTINUED)

In calculating the weighted average number of shares on issue, only the period from commencement of trading (28 April 2010) has been taken into account, as to calculate this from incorporation date (12 February 2010) would give rise to an earnings per share that did not match the earnings period to shares on issue.

(Z) FINANCE INCOME AND COSTS

Net finance expense comprises interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested.

Interest income and interest expense also include components of finance lease payments and is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(AA) USE OF ESTIMATES AND JUDGEMENTS

The preparation of the preliminary final report requires that management make estimates, judgements and assumptions that affect the recognised amounts that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the preliminary final report relate to:

- income tax
- impairment of intangible assets
- determining fair values in respect of business combinations
- impairment of investment in associates and available-for-sale investments.

Notes to the Preliminary Final Report

Seven Group Holdings Limited and its Controlled Entities
PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

2. OPERATING SEGMENTS

REPORTABLE SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which product is sold, the nature of services provided and country of origin. Segment results are included from the date of acquisition, being 28 April 2010 for the WesTrac Group, and 13 May 2010 for Seven Network Limited ("SNL").

- WesTrac Australia - represents all other WesTrac related services, excluding WesTrac China and National Hire Group.
- WesTrac China - operates as one of the four authorised Caterpillar dealers in China.
- National Hire Group - represents the Group's investment in rental equipment via National Hires' investment in Coates Hire Pty Limited.
- Media investments - relates to investments in listed and unlisted media organisations.
- Other investments - incorporates broadband, telephony, listed investments and property.

The Group is domiciled in Australia and operates in two countries, Australia and China. Segment revenues are allocated based on the country in which the customer is located. The WesTrac China segment represents all revenue derived from China.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those described in Note 1 to the preliminary final report.

	WesTrac Australia $'000	WesTrac China $'000	National Hire $'000	Media investments $'000	Other investments $'000	Total $'000
PERIOD ENDED 30 JUNE 2010						
Segment revenue						
Sales to external customers	358,607	155,720	15,834	-	7,423	537,584
Intersegment sales	411	-	(411)	-	-	-
Segment result						537,584
Earnings before interest, tax, depreciation and amortisation (EBITDA)	40,365	8,049	2,557	10,761	(1,580)	60,152
Depreciation and amortisation	(5,840)	(1,187)	(193)	-	(4,517)	(11,737)
Earnings before interest and tax (EBIT)	**34,525**	**6,862**	**2,364**	**10,761**	**(6,097)**	**48,415**

2. OPERATING SEGMENTS (CONTINUED)

	WesTrac Australia $'000	WesTrac China $'000	National Hire $'000	Media investments $'000	Other investments $'000	Total $'000
Statement of financial position						
Investments accounted for using the equity method	13,187	-	312,960	1,344,164	54,376	1,724,687
Other segment assets	965,751	755,058	81,900	29,608	533,495	2,365,812
Segment assets	**978,938**	**755,058**	**394,860**	**1,373,772**	**587,871**	**4,090,499**
Segment liabilities	**(293,368)**	**(125,576)**	**(18,456)**	**-**	**(54,678)**	**(492,078)**
Other segment information						
Capital expenditure	(4,173)	(1,481)	(977)	-	(6,722)	(13,353)
Share of results of equity accounted investees included in EBIT	803	-	2,702	10,761	-	14,266

Reconciliation of segment EBIT to net profit before tax per statement of comprehensive income

	$'000
Segment net operating profit before net finance costs and tax	48,415
Accounting gain on acquisition of Seven Network Limited	726,343
Corporate operating costs	(37,155)
Net finance costs	(13,134)
Profit before tax per statement of comprehensive income	724,469

Reconciliation of segment operating assets to total assets per statement of financial position

	$'000
Segment operating assets	4,090,499
Corporate cash holdings	455,205
Assets held at corporate level	5,385
Total assets per statement of financial position	4,551,089

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Australia is $2,499,640,966. The total of non-current assets located in China is $450,641,034. Segment assets are allocated to countries based on where the assets are located.

Reconciliation of segment operating liabilities to total liabilities per statement of financial position

	$'000
Segment operating liabilities	(492,078)
Liabilities held at corporate level	(1,402)
Derivative financial instruments	(17,409)
Current borrowings	(302,234)
Non current borrowings	(383,989)
Deferred tax liabilities	(473,832)
Total liabilities per statement of financial position	(1,670,944)

Notes to the Preliminary Final Report

Seven Group Holdings Limited and its Controlled Entities
PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

3. REVENUE AND EXPENSES

	2010 $'000
REVENUE	
Revenue from product support	194,871
Revenue from capital sales	336,909
Other	5,804
Total revenue	**537,584**
OTHER INCOME	
Gain on sale of property, plant & equipment	523
Gain on sale of investments	203
Fair value movement of derivatives	2,038
Total other income	**2,764**
EXPENSES EXCLUDING DEPRECIATION AND AMORTISATION	
Materials cost of other inventory sold	399,961
Changes in inventories of manufactured goods, finished goods and work in progress	(36,413)
Raw materials and consumables purchased	20,927
Other expenses	147,142
Total expenses	**531,617**
Included within the above other expenses are the following items:	
Transaction costs associated with acquisition of WesTrac Group & Seven Network Limited	35,828
Employee benefits expenses	
Wages and salaries	71,893
Share based payments expense	1,024
	72,917
Operating lease rental expense	5,271

4. NET FINANCE EXPENSE

	2010 $'000
FINANCE INCOME	
Interest income on bank deposits	3,003
Other	715
Total finance income	**3,718**
FINANCE COSTS	
Interest expense	(11,036)
Borrowing costs	(5,816)
Total finance costs	**(16,852)**
Net finance expense	**(13,134)**

Notes to the Preliminary Final Report

5. INCOME TAX

	2010 $'000
INCOME TAX EXPENSE	
Current tax expense:	
Current period	(11,013)
	(11,013)
Deferred tax expense due to origination and reversal of temporary differences	5,286
Total income tax expense in statement of comprehensive income	**(5,727)**
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFITS:	
Income tax using the domestic corporation tax rate 30%	(217,341)
Accounting gain on acquisition of Seven Network Limited, not taxable	217,903
Change in recognition of deferred tax assets	(468)
Remeasurement of deferred tax relating to investments	(10,534)
Remeasurement of WesTrac deferred tax balances on formation of tax consolidated group	3,839
Share of associates' net profit	(1,733)
Non-assessable tax group revenue	(272)
Other non-taxable/non-deductible items	3,381
Recovery of income tax benefit under a tax sharing agreement	(1,268)
Difference in overseas tax rates	766
Income tax expense on operating profit	**(5,727)**
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY	
Relating to available for sale financial asset	(7,207)
Relating to cash flow hedge reserve	(2,353)
	(9,560)

	Recognised in profit $'000	Recognised in equity $'000	Balance $'000
DEFERRED TAX BALANCE			
Investments	(507,699)	7,207	(500,492)
Derivative financial instruments	(16,072)	2,353	(13,719)
Inventories and receivables	(8,885)	-	(8,885)
Property, plant & equipment	(13,865)	-	(13,865)
Other deferred tax liabilities	(32,822)	-	(32,822)
Intangibles	(4,201)	-	(4,201)
Trade & other payables	10,608	-	10,608
Provisions	34,460	-	34,460
Tax losses	43,469	-	43,469
Transaction costs deducted over 5 years	10,063	-	10,063
Other	18,155	-	18,155
Net tax liability	**(466,789)**	**9,560**	**(457,229)**
Deferred tax asset			16,603
Deferred tax liability			(473,832)
Net deferred tax liability			**(457,229)**

Notes to the Preliminary Final Report

Seven Group Holdings Limited and its Controlled Entities
PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

6. DIVIDENDS

		Amount per share	2010 $'000
DIVIDENDS PAID			
Ordinary shares			
Interim dividend in respect of 2010 year		-	-
			-
Transferable Extendable Listed Yield Shares ("TELYS4")			
Dividend fully franked paid 31 May 2010	$	2.42	11,989
			11,989
Dividends paid or payable			**11,989**
Subsequent event			
Current period final dividend on ordinary shares			
proposed but not provided			
Ordinary shares			
Final dividend in respect of 2010 year fully franked			
to be paid 22 October 2010	$	0.18	54,974

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7. EARNINGS PER SECURITY

	2010 $'000
EARNINGS RECONCILIATION	
Net profit attributable to equity holders of the Company	718,034
Allocated earnings to category of share:	
- Ordinary shares	714,907
- TELYS4	3,127
	718,034
Weighted average number of shares	
Number for basic earnings per share:	
- Ordinary shares	263,096,885
- TELYS4	3,860,609
Effect of share options on issue:	
- Ordinary shares	-
Number for diluted earnings per share:	
- Ordinary shares	263,096,885
- TELYS4	3,860,609
Earnings per share	
Ordinary shares - total earnings per share from continuing operations:	
- Basic ($)	2.72
- Diluted ($)	2.72
TELYS4 earnings per share:	
- Basic ($)	0.81
- Diluted ($)	0.81

The Company was incorporated on 12 February 2010 but did not commence trading until the WesTrac Group was acquired on 28 April 2010. In determining the weighted average number of shares on issue, the commencement date was calculated from the first day of operations, being 28 April 2010. If the weighted average number of shares was calculated from the Company's incorporation date, the weighted average number of shares on issue would have been 122,015,245, resulting in a basic and diluted EPS of $5.87.

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2010 $'000
Investments in associates and jointly controlled entities	1,724,687

Investee	Principal activities	Country of incorporation	Balance date	Ownership interest
EQUITY ACCOUNTED INVESTMENTS				
Adelaide Broadcast Property Pty Limited	Property management	Australia	30-Jun	40.0%
Adelaide Broadcast Property Trust	Property management	Australia	30-Jun	40.0%
Consolidated Media Holdings Limited	Media	Australia	30-Jun	22.4%
Energy Power Systems Australia Pty Ltd	Distribution and rental of CAT engine products	Australia	30-Jun	40.0%
Flagship Property Holdings Pty Limited	Property management	Australia	31-Dec	46.8%
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30-Jun	25.0%
P2 Pty Limited	Dormant	Australia	30-Jun	50.0%
P4 Pty Limited	Dormant	Australia	30-Jun	50.0%
Premier Capital Developments Pty Limited	Property management	Australia	30-Jun	25.0%
Revy Investments Pty Limited	Property management	Australia	30-Jun	25.0%
Revy Investments Trust	Property management	Australia	30-Jun	25.0%
Sydney Broadcast Property Pty Limited	Property management	Australia	30-Jun	40.0%
Sydney Broadcast Property Trust	Property management	Australia	30-Jun	40.0%
Vuecast Operations Pty Limited	Programme production	Australia	30-Jun	50.0%
West Australian Newspapers Holdings Limited	Media	Australia	30-Jun	23.8%
JOINTLY CONTROLLED ENTITIES				
Coates Group Holdings Pty Limited	Rental services	Australia	30-Jun	46.1%
Seven Media Group Pty Limited*	Media	Australia	30-Jun	45.0%

* - the company has determined its interest in Seven Media Group Pty Limited (SMG) to be 45% after allowance for vesting expectations for options issued under SMG's Management Equity Plan including options issued during the period ended 30 June 2010.

	ASSOCIATED AND JOINTLY CONTROLLED ENTITIES **2010 $'000**
SHARE OF INVESTEES' NET PROFIT	
Share of operating profit before tax	16,081
Share of income tax expense	(1,815)
Share of results from equity accounted investees	**14,266**

Notes to the Preliminary Final Report

9. CONTRIBUTED EQUITY

	2010 $'000
SHARE CAPITAL	
305,410,281 ordinary shares, fully paid	2,181,687
4,963,640 TELYS4 preference shares, fully paid	427,165
Balance at end of the period	**2,608,852**
MOVEMENTS IN ORDINARY SHARES	
Balance at 28 April 2010 (2,000,000 shares)	10,000
Shares issued for acquisition of WesTrac Group (113,000,000 shares)	833,951
Shares issued for acquisition of SNL (190,410,281 shares)	1,337,736
Balance at end of the period	**2,181,687**

The company does not have authorised share capital or par value in respect of its issued shares. All issued shares are fully paid.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and preference shareholders and are fully entitled to any proceeds on liquidation.

MOVEMENTS IN PREFERENCE SHARES	
Transferable Extendable Listed Yield Shares – TELYS4	
Balance at 28 April 2010	-
TELYS4 issued to acquire TELYS3 (4,963,640 TELYS)	427,165
Balance at end of the period	**427,165**

TELYS4 were issued on 13 May 2010 under the TELYS4 Offer Prospectus on a one for one exchange for all TELYS3 previously issued by Seven Network Limited.

Holders are entitled to a preferential non-cumulative floating rate dividend, which is based on Bank Bill Swap Rate for 180 days plus Margin. The Margin was set at 2.5% until 31 May 2010, and then 4.75% after that date subject to the Company's right of Conversion and Exchange. There are no voting rights attached except in limited circumstances, in which case holders will have one vote per TELYS4 held.

	Number
OPTIONS ON ORDINARY SHARES	
As at reporting date the number of options exercisable into ordinary shares was as follows:	
Options to Directors	5,000,000
Options to other Executives	1,875,000
	6,875,000

10. RESERVES

	Employee equity benefits reserve $'000	Common control reserve $'000	Cash flow hedge reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	**Total $'000**
On incorporation	-	-	-	-	-	**-**
Acquisition of subsidiary	-	(642,586)	-	-	-	**(642,586)**
Fair value movement on available-for-sale financial assets	-	-	-	24,024	-	**24,024**
Tax effect of net gain on available-for-sale financial assets	-	-	-	(7,207)	-	**(7,207)**
Net gain on cash flow hedges	-	-	8,923	-	-	**8,923**
Tax effect of reserve movements	-	-	(2,353)	-	-	**(2,353)**
Currency translation differences	-	-	-	-	39,365	**39,365**
Share based payment expense	1,836	-	-	-	-	**1,836**
Replacement of share options related to business combination	3,498	-	-	-	-	**3,498**
At 30 June 2010	**5,334**	**(642,586)**	**6,570**	**16,817**	**39,365**	**(574,500)**

NATURE AND PURPOSE OF RESERVES

Common control reserve

As described in Note 1(G), the acquisition of WesTrac Group by the Company is accounted for as a common control transaction. As a consequence, the difference between the fair value of the consideration paid and the existing book values of assets & liabilities of the WesTrac Group will be debited to a common control reserve. Upon disposal of all interests in WesTrac Group by the Group this reserve would be transferred to retained earnings.

Cash flow hedge reserve

This reserve records the effective portion of the cumulative net change in fair value of hedging instruments related to hedged transactions that have not yet occurred.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Foreign currency translation reserve

This reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations.

Employee equity benefits reserves

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

11. RETAINED EARNINGS

	Note	**2010 $'000**
On incorporation		-
Net profit attributable to equity holders of the Company		718,034
Dividends paid	6	(11,989)
Retained earnings at end of the period		**706,045**

12. ACQUISITIONS OF CONTROLLED ENTITIES

ACQUISITIONS

During the period ended 30 June 2010, the Group acquired the following businesses;

- On 28th April 2010, the purchase of the issued capital of WesTrac Holdings Pty Limited.
- On 13th May 2010, the purchase of the issued capital of Seven Network Limited, via a scheme of arrangement.

Acquisition of WesTrac Holdings Pty Limited

On 28th April 2010 the company purchased 100% of the share capital of WesTrac Holdings Pty Limited, an unlisted company based in Australia.

The consideration transferred for accounting purposes was $843,951,000 and was fully comprised of ordinary shares in Seven Group Holdings Limited ("SGH"). The Company issued 113,000,000 ordinary shares with a value for accounting purposes of $7.469 each, based on the weighted average quoted price of the shares of Seven Network Limited ("SNL"), at the date of exchange.

As described in Note 1(G), the acquisition of WesTrac Group is accounted for as a common control transaction and as such the requirements of AASB 3 Business Combinations do not apply to this transaction.

As a common control transaction, the acquisition does not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill at the time of the acquisition of WesTrac Group. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired is recognised as a common control reserve in the preliminary final report.

Identifiable assets acquired and liabilities assumed	**2010 $'000**
Property, plant and equipment	145,294
Distribution network	461,175
Investments	319,028
Inventories	588,554
Trade and other receivables	416,212
Deferred tax asset	103,567
Cash and cash equivalents	80,411
Interest bearing loans and borrowings	(1,229,984)
Deferred tax liabilities	(80,182)
Provisions	(39,474)
Current tax liability	(1,677)
Trade and other payables	(330,649)
Deferred income	(45,190)
Derivative financial instruments	(49,663)
Total net identifiable assets	**337,422**

Common control reserve	**$'000**
Value of identifiable net assets	337,422
Non-controlling interest in identifiable acquired net assets	(136,057)
Net assets acquired	**201,365**
Total consideration transferred for accounting purposes	(843,951)
Common control reserve	**(642,586)**

Cash inflow	**$'000**
Net cash acquired within subsidiary	80,411
Consideration paid in cash	-
Net consolidated cash inflow	**80,411**

Notes to the Preliminary Final Report

12. ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

Acquisition of Seven Network Limited

On 13th May 2010, the Group acquired 100% of the issued capital of SNL, a listed company based in Australia.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2010 $'000
Ordinary shares (190,410,281 shares)	1,327,736
TELYS4 issued at fair value (4,963,640 shares)	427,165
Replacement share based payment awards - value of past service	3,498
Total consideration	**1,758,399**

The fair value of the ordinary shares and TELYS4 for accounting purposes was based on the volume weighted average listed share price of SGH at $6.973 per share and $86.058 per TELYS at the date of exchange.

The Group has provisionally recognised the fair values of the identifiable assets and liabilities of SNL based upon the best information available as of the reporting date. The provisional accounting for the business combination is as follows:

Identifiable assets acquired and liabilities assumed	**$'000**
Property, plant and equipment	70,656
Licences and software	75,785
Investments accounted for using the equity method	1,387,060
Other investments	382,799
Inventories	1,279
Trade and other receivables	2,491
Other assets	24,456
Cash and cash equivalents	1,045,712
Interest bearing loans and borrowings	(5,780)
Deferred tax liabilities	(432,188)
Provisions	(2,995)
Trade and other payables	(56,039)
Deferred income	(7,322)
Total net identifiable assets	**2,485,914**

Accounting gain on acquisition	**2010 $'000**
Total consideration transferred for accounting purposes	(1,758,399)
Provisional fair value of identifiable net assets	2,485,914
Non-controlling interest in identifiable acquired net assets	(1,172)
Gain on acquisition	**726,343**

Cash inflow	**$'000**
Net cash acquired within subsidiary	1,045,712
Consideration paid in cash	-
Net consolidated cash inflow	**1,045,712**

12. ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

Cash acquired from acquisition of subsidiaries	**$'000**
WesTrac Group	80,411
SNL	1,045,712
Total cash acquired on acquisition of subsidiaries	**1,126,123**

TRANSACTIONS SEPARATE FROM THE ACQUISITION

During the period, the Group incurred acquisition related costs of $35,828,000 relating to external legal fees and due diligence costs. These legal fees and due diligence costs have been included in other expenses in the Group's consolidated statement of comprehensive income.

13a. CASH AND CASH EQUIVALENTS

	2010 $'000
Bank balances	126,404
Call deposits	328,801
Cash and cash equivalents	**455,205**
Bank overdrafts used for cash management purposes	(5,534)
Cash and cash equivalents in the cash flow statement	**449,671**

13b. NOTES TO THE CASH FLOW STATEMENT

	2010 $'000
Reconciliation of profit for the period to net cash flows related to operating activities:	
Profit after tax	**718,742**
Depreciation and amortisation:	
Property, plant and equipment	8,734
Spectrum licences and software	3,004
Other	25
Accounting gain on acquisition of Seven Network Limited	(726,343)
Transaction costs associated with acquisition of WesTrac Group & Seven Network Limited	35,249
Share of results from equity accounted investees	(14,266)
Foreign exchange loss	1,568
Other	7,606
Movement in:	
Trade and other receivables	(2,742)
Inventories	(112,267)
Other assets	(23,879)
Trade and other payables	33,484
Provisions	1,517
Tax balances	27,406
Net operating cash flows	**(42,162)**

NON CASH INVESTING AND FINANCING ACTIVITIES	
Acquisition of WesTrac Group via issue of equity instruments	843,951
Acquisition of SNL via issue of equity instruments	1,754,901
Total non cash investing and financing activities	**2,598,852**

14. EVENTS SUBSEQUENT TO BALANCE DATE

The Group had contractual obligations amounting to USD$250m (A$292.86m equivalent) relating to an investment in Agricultural Bank of China. This commitment was settled on 16 July 2010.

The Group has negotiated an amendment to its existing $600m syndicated loan facility. The amended facility of $498m is non-amortising and matures in December 2012. The facility is unsecured with guarantees from various subsidiaries within the Group.

15. COMMITMENTS

	2010 $'000
Capital expenditure commitments	
Payable:	
Not later than one year	26,543
Finance lease commitments	
Payable:	
Not later than one year	889
Later than one year but not later than five years	1,686
Later than five years	2,081
Minimum lease payments (a)	**4,656**
Less future finance charges	(2,361)
	2,295
Operating lease commitments (b)	
Payable:	
Not later than one year	37,563
Later than one year but not later than five years	102,237
Later than five years	95,517
	235,317
Other operating commitments (c)	
Payable:	
Not later than one year	7,089
Later than one year but not later than five years	7,468
	14,557
Other commitments (d)	
Payable:	
Not later than one year	292,860
	292,860

(a) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual value.
(b) The Group leases various offices and sites under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.
(c) Other operating commitments include to commitments for operating expenses and acquisitions of inventory contracted for at the reporting date but not recognised as liabilities.
(d) Other commitments relate to the Group's contractual obligation to invest in Agricultural Bank of China. This commitment was settled in July 2010.

Notes to the Preliminary Final Report

Seven Group Holdings Limited and its Controlled Entities
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AUDIT

This report is based on accounts which are in the process of being audited.

Warren Coatsworth
Company Secretary Date: 25 August 2010

Seven Group Holdings Limited announces financial results for 2009-10

	2 month period to 30 June 10
Profit before tax (excluding significant items)	$39m
Profit after tax (excluding significant items)	$28m
EPS (excluding significant items)	10 cents
Reported Profit before tax	$724m
Reported Profit after tax	$719m
Reported EPS	$2.72
Final Dividend per Ordinary Share	18 cents

12 month pro forma results (excluding National Hire)	30 June 10	Variance to Scheme Booklet
Total Revenue	$2,408m	1.1%
EBITDA	$239m	6.8%
EBIT	$175m	8.9%
Profit before tax	$141m	10.5%

25 August 2010 --- Seven Group Holdings Limited (SGH) today reported a profit before taxation of $724 million and a net profit after taxation of $719 million for the period ended 30 June 2010.

Today's statutory result includes an accounting gain on the acquisition of Seven Network Limited ($726 million), one-off transaction costs ($36 million) and capitalised borrowing costs ($6 million) written off as a result of the formation of SGH during the period.

The profit before tax for the two month period, excluding the impact of the acquisitions of the WesTrac Group and Seven Network Limited, was $39.4 million and profit after tax of $28.1 million.

SGH was formed in April following shareholder approval for the merger of Seven Network Limited and WesTrac Holdings Pty Limited to create a new diversified operating and investment group listed on the Australian Securities Exchange. The new company focuses on media, industrial equipment and investments and is an operating group with diversity, scale and strong prospects for growth with market-leading businesses.

The financial result for the period ended 30 June 2010 reflects the results of the WesTrac Group (including National Hire) from its acquisition on 28 April 2010 and the results of the Seven Network Limited Group from its acquisition on 13 May 2010.

SGH has strong liquidity reserves with $455 million in available cash, a listed securities portfolio of $393 million, significant stakes in Consolidated Media Holdings and West Australian Newspaper Holdings, and $268 million in available undrawn facilities at 30 June 2010. Since 30 June 2010, an additional facility of $498 million has been finalised.

Pro Forma Results*

Given the newly formed SGH was listed on the ASX in April 2010, the company also today provided details on a “pro forma” basis for the past twelve months, confirming a pro forma group operating revenue of $2.4 billion – in line with the company’s merger scheme documentation for shareholders.

SGH delivered a pro forma twelve month EBITDA (excluding the results of National Hire) of $239 million (up 7 per cent on the forecasts contained in the merger scheme documentation) and a pro forma operating cash flow of $258 million (up 4 per cent on the forecasts contained in the merger scheme documentation).

Dividend

A final ordinary dividend of 18 cents per share (fully franked) has been declared – taking the pro forma full year dividend to 35 cents per share when including Seven Network Limited‘s interim dividend of 17 cents per share, up 3 per cent on that paid to shareholders during the previous financial year by Seven Network Limited.

Seven Group Holdings Outlook

SGH is well-placed for growth over the coming twelve months.

SGH’s media business is underpinned through strategic holdings in Seven Media Group, a joint venture with Kohlberg Kravis Roberts & Co which includes Australia’s leading broadcast television, magazines publishing and online and broadband businesses, an 11.4 per cent shareholding in Prime Media which complements Seven Media Group’s broadcast television presence, and strategic shareholdings in pay television through Consolidated Media, newspapers through West Australian Newspapers and deploying a new 4G wireless broadband platform through vividwireless.

Seven Media Group’s Seven Network is well-placed to deliver on its leadership over the coming twelve months, following the successful launch of 7TWO and the forthcoming launch of 7mate on its digital platform. Seven Media Group’s magazines business, Pacific Magazines, continues to deliver strong results in circulation, readership and advertising revenue share.

SGH's industrial equipment business, WesTrac, is performing strongly and finished the 2010 financial year with strong momentum. The sales and earnings guidance for the coming financial year in Australia and China, as outlined in the merger scheme documentation for shareholders, remains on track.

In the merger scheme documentation, WesTrac Australia forecast sales and EBITDA of approximately $1.9 billion and $197 million respectively in FY2011. WesTrac China forecast sales and EBITDA of approximately $832 million and $34 million respectively in FY2011.

Review of Operations*

WesTrac*

WesTrac delivered on all key measurements outlined in the merger scheme documents for the formation of Seven Group Holdings. WesTrac (excluding National Hire) delivered an EBITDA of $188 million on revenues of $2.286 billion.

In Australia, the company delivered sales of $1.636 billion – up $23 million on the target forecast in the merger scheme documents. EBITDA was $163 million – with EBIT of $135 million.

In China, the company delivered an EBITDA of $25 million on revenues of $651 million – with sales targets being met despite shortages in machine and equipment supply. Overall sales revenues in China are up 40 per cent on the previous financial year.

The company's future development in China is underlined by the recent signing of a Memorandum of Understanding and an Investment Agreement with the Agricultural Bank of China, one of the four biggest national banks in China – with SGH one of a number of cornerstone investors in the bank's successful initial public offering in Hong Kong and Shanghai. As part of the investment agreement, WesTrac invested $293 million as a cornerstone investor in this IPO.

This investment in the Agricultural Bank of China is part of a broad strategy to underpin the development of WesTrac China's business and will create new opportunities for SGH.

Also under the memorandum of understanding, both companies will support developing a corporate financing relationship with the Agricultural Bank of China, with the aim of providing a long-term financing facility and customer financing facilities that support WesTrac China's expansion of its business and develop leasing and finance solutions for WesTrac China's customers.

National Hire Group

SGH – through WesTrac Group – has a 66.1 per cent shareholding in National Hire Group. National Hire Group reported an NPAT of $5.8 million for the year to 30 June 2010. The result included a $4.1 million share of profit from equity accounted investments (Coates Group).

Seven Media Group*

SGH's investment in Seven Media Group, a joint venture with Kohlberg Kravis Roberts & Co which encompasses broadcast television, magazines and online, delivered a strong performance over the past twelve months.

Seven Media Group delivered revenue of $1.466 billion and EBITDA of $351.2 million over the past twelve months. EBITDA margin was 25.4 per cent and EBITDA was up 21.5 per cent on the previous financial year.

Seven Media Group's broadcast television business, the Seven Network, delivered market leadership in breakfast television, morning television, news and public affairs, primetime and overall across the 6:00am-midnight broadcast day in the 2009 television year and leads in the 2010 television year.

The Seven Network delivered EBITDA of $288.0 million on revenues of $1.134 billion over the past twelve months. EBITDA for television was up 23.1 per cent on the previous financial year.

The Seven Network continues to lead the market in advertising revenue share – recently recording its seventh consecutive half with an overall television advertising revenue share of 38 per cent or better.

The Seven Network will launch a new channel, 7mate on its digital broadcast platform in September. This is Seven's second new channel in nine months, following the successful launch of 7TWO last November. Seven is number 1 on combined multiple channels in 2010. Seven + 7TWO combine to give Seven's broadcast platform market leadership in primetime and overall across 6:00am-midnight across the current television year.

Seven Media Group's magazine publishing business, Pacific Magazines, has delivered a strong performance in readership in circulation shares over the past twelve months – up in key publishing categories.

Pacific Magazines delivered EBITDA of $53.1 million on revenues of $319.0 million over the past twelve months – with EBITDA margin of 17.0 per cent.

According to the recent industry circulation audits, Pacific Magazines' share of gross copies of magazines sold in Australia is 29.8 per cent – up from 27.8 per cent twelve months ago and its consumer of consumer magazines' expenditure is now 26.9 per cent – up from 24.2 per cent twelve months ago. The most recent readership figures confirm Pacific Magazines has a 29.0 per cent share – outpacing the market to grow overall readership by 1.0 per cent.

Seven Media Group is continuing to build its online and new media presence through Yahoo!7, a joint venture with Yahoo! Inc. Yahoo!7 continued its strong momentum, out growing the market in terms of audience, revenue and EBITDA margin.

One in two online Australians visit Yahoo!7 every month. Yahoo!7 now has 7 million users (up from 5 million users) and 5.4 million unique Australian users (up from 4.3 million unique users), according to recent Nielsen data vs figures for June 2009.

Consolidated Media Holdings

SGH's current shareholding in Consolidated Media Holdings is 23 per cent.

Consolidated Media owns 50 per cent of subscription television programming company, The Premier Media Group, which owns and operates Fox Sports, Fuel TV and the How To Channel as well as 25 per cent of pay television company Foxtel.

Consolidated Media Holdings has reported NPAT of $89.5 million (excluding abnormal items) for the 2009-10 financial year – up 27.2 per cent on the previous financial year.

Consolidated Media has an active capital management programme and is conducting a share buyback programme. Consolidated Media has bought back 92.9 million shares in the past twelve months and has shareholder approval to buy back an additional 49.8 million shares.

West Australian Newspapers

SGH currently has a 23.8 per cent shareholding in West Australian Newspapers Holdings Limited.

West Australian Newspapers has reported a profit after tax of $96.2 million – a 10.3 per cent increase on the company's 2009 reported profit and a 0.9 per cent decline on its 2009 profit before noteworthy items.

This is a strong result in a challenging market, underpinned by Q4 NPAT up 27 per cent year-on-year and reflecting the strengthening in overall advertising demand.

West Australian Newspapers has declared a final dividend of 26 cents per share fully franked. The final dividend brings to 45 cents per share the total dividends paid to West Australian Newspapers' shareholders over the past twelve months.

vividwireless

In September 2009, vividwireless confirmed the first phase of its plans for 4G with plans for the development of infrastructure and services in Perth.

vividwireless allows SGH to further strengthen its digital platform for the delivery of content in multicast and broadcast formats.

vividwireless' first phase of development in Perth has been successfully launched as the first 4G network in Australia, providing high-speed and affordable wireless broadband, and the company is now undertaking a phased rollout of its business with metropolitan networks in Sydney, Melbourne, Canberra, Adelaide and Brisbane.

Engin

A part of the vividwireless consumer offering is an integrated voice product bundled with Engin, a leading broadband telephony company in which SGH has a 58.1 per cent shareholding. Engin has reported record EBITDA of $700,000 over the past twelve months.

*Note:

Included in this presentation is data prepare for the management of Seven Group Holdings Limited and associated entities and investments. This data is included for information purposes only and has not been subject to the same level of review by the company as the statutory accounts and so is merely provided for indicative purposes. The company and employees do not warrant the data and disclaim any liability flowing from the use of this data by any party.